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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended
May 31, 1992

Commission File No. 0-17849

FQ2-2235

GENESIS INVESTMENT GROUP, INC.

Incorporated in the State of Arizona

IRS No. 86-03453590

2200 East Camelback Road
Suite 2200
Phoenix, Arizona 85016
(602) 957-0928

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the Registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities and Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes [X] No [ ]

Materials have been incorporated by reference into this Report from the following documents: (1) materials from the Registrant's Form 10 Registration Statement filed with the Securities and Exchange Commission on June 27, 1989, as amended by the Registrant's Form 8 filed on December 19, 1989, (the "Registration Statement") and (2) materials from the Registrant's Form 10-K filed with the Securities and Exchange Commission on May 28, 1992.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

As of July 13, 1992, 1,013,805 shares of Common Stock ($0.01 par value) were outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

GENESIS INVESTMENT GROUP, INC. AND SUBSIDIARIES
(In Process of Liquidation)
STATEMENT OF CONSOLIDATED NET ASSETS
AS OF MAY 31, 1992 and FEBRUARY 28, 1992 (Liquidating Basis)

ASSETS

	May 31 1992	February 28 1992
Cash	$ 15,537	$ 2,181
Receivables:		
Mortgages	2,932,100	2,938,724
Other	60,675	58,880
Real estate held for sale	12,700,175	12,633,264
Property and equipment held for sale	999	850
Investments in general partnerships	1,143,418	1,072,734
Property expenses advanced	---	---
Total assets	16,872,904	16,706,633

LIABILITIES AND NET ASSETS IN LIQUIDATION

Notes payable	5,909,239	5,909,239
Accounts payable and accrued expenses	1,030,156	974,351
Minority interests	1,614,597	1,614,597
Total liabilities	8,553,992	8,498,187
Specific-Fund Certificates	4,254,886	4,173,218
Net assets in liquidation	$ 4,064,026	$ 4,035,228

See accompanying note to financial statements.

GENESIS INVESTMENT GROUP, INC. AND SUBSIDIARIES
(In Process of Liquidation)
STATEMENT OF CONSOLIDATED OPERATIONS AND
CHANGES IN CONSOLIDATED NET ASSETS
for the three months ended May 31, 1992 and May 31, 1991

	May 31 1992	May 31 1991
Revenues:		
Sales of real estate	$ ---	$1,636,500
	$ ---	$1,636,500
Costs and expenses:		
Cost of real estate sold	---	1,646,638
General and administrative expenses	55,529	99,441
Adjustment of assets to estimated net realizable value	(75,688)	(51,962)
Unrecoverable property expenses	2,149	57,505
Income (loss) from operations	18,002	(115,122)
Other income (expenses):		
Interest income	9,003	40,733
Interest expense	(2,840)	(2,839)
Other, net	4,633	1,285
Net income (loss)	28,798	(75,943)
Net assets in liquidation at February 28th	4,035,228	4,055,898
Net assets in liquidation at May 31st	4,064,026	3,979,955

See accompanying note to financial statements.

GENESIS INVESTMENT GROUP, INC. AND SUBSIDIARIES
(In Process of Liquidation)
STATEMENT OF CONSOLIDATED CASH FLOWS
for the three months ended May 31, 1992 and May 31, 1991

	May 31 1992	May 31 1991
Cash flows from operating activities:		
Net income (loss)	$ 28,798	$ (75,943)
Adjustments to reconcile net loss to net cash:		
Adjustment of assets to net realizable value	---	26,696
Amortization of discount	(75,680)	(78,658)
Collections on mortgage receivables	3,724	73,182
Increase in mortgage receivables	---	(1,145,573)
Decrease (increase) in accrued interest and other receivables	(560)	25,859
Increase (decrease) in accounts payable and accrued expenses	55,805	36,250
Net cash used in operating activities	13,287	(1,138,187)
Cash flows from investing activities:		
(Additions) to investments in partnerships	---	(42,000)
Deletions (Additions) to real estate held for sale	---	1,044,688
(Additions) reductions to property and equipment held for sale	149	---
(Additions) to property expenses advanced	---	(1,314)
Net cash used in investing activities	149	1,088,002
Cash flows from financing activities:		
Increase in notes payable	---	---
Payments on notes payable	---	(2,262)
Payments to Specific Fund Certificate holders	---	---
Net cash used in financing activities	---	(2,262)
Net (increase) decrease in cash	13,356	(59,833)
Cash at beginning of period	2,181	228,124
Cash at end of period	15,537	168,291

See accompanying note to financial statements.

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

1. **GENERAL**

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of normal recurring accruals and continued adjustments to the estimated net realizable value of assets) necessary to present fairly the consolidated net assets (liquidation basis) as of May 31, 1992 and February 28, 1992 and the results of operations and changes in consolidated net assets and cash flows (liquidation basis) for the three months ended May 31, 1992 and May 31, 1991.

Significant changes in the components of the consolidated net assets since February 28, 1992, as well as other liquidating activities have been discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations.

For additional information regarding significant accounting policies and accounting matters applicable to the Company, reference should be made to the Company's Form 10 for the year ended February 28, 1992.

Item 2. Management's Discussion and Analysis of Financial Conditions and Results of Operations

Results of Operations

The Company continued the liquidation process pursuant to the Plan of Reorganization through the first quarter of fiscal 92/93. During the quarter, no property sales occurred, as compared to the first quarter of 91/92 when the Company sold five properties for a total price of $1,636,500.

During the first quarter the Company achieved a profit from operations of $18,002 as compared to a loss of $115,122 for the first quarter of the previous year. The improvement in profitability of $133,124 results from a reduction administration costs of $43,912, the non reoccurrence of property expenses of $55,356 and an increase in the positive net realizable value adjustment of $23,718.

Liquidity and Capital Resources

During the quarter the Company's cash reserves increased by $13,356. The Company received $3,724 from mortgages during the quarter which was not sufficient to fund the property expenses, interest payments and administration hence resulting in a significant increase in accounts payable. The company anticipates sufficient cash flow in the second quarter to cover all payables that are due.

General Outlook

The management of Genesis is continuing their effort to maximize returns from the mortgages and property it owns.

Due to the depressed state of the Arizona real estate market, management does not anticipate an early liquidation of the remaining assets. In view of this, all costs of administration are being maintained at a low level to maximize return to the shareholders.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Genesis and its subsidiaries are involved in a number of pending legal proceedings, most of which are being litigated as adversary proceedings or as contested claims in the United States Bankruptcy Court. Current proceedings include the following: (All references to Property Numbers refer to the numbers assigned to the various properties in which Genesis has an interest in Exhibit 2.2, The Amended Disclosure Statement of Harbor Financial, Inc. and Harbor Southwest Development, Inc., Dated May 16, 1988, Revised July 15, 1988, pp. 225-339 incorporated herein by reference.)

The following proceedings are discussed in detail in the From 10K in respect of the year ending February 1992, which was filed with the Securities and Exchange Commission on May 23, 1991. No material events have occurred during the quarter under review, other than those reported in the Form 10K.

1. GENESIS INVESTMENT GROUP, INC., an Arizona corporation, as successor in interest to Harbor Financial, Inc., an Arizona corporation, and Harbor Financial Group, Inc., an Arizona corporation, v. LAWRENCE L. HENREN and JANE DOE HENREN, husband and wife; GEORGE M. ETHRIDGE III and JANE DOE ETHRIDGE, husband and wife; CEDARWOOD, INC., a Delaware corporation.

   Superior Court of Arizona, Maricopa County.
   Case No.: CV 89-15032.
   Date Instituted: June 2, 1989.

2. PHOENIX ASSEMBLAGE (PAL I), an Arizona general partnership; and PAL II, an Arizona general partnership, v. THIRTY-FIFTH AVENUE AND BASELINE, an Arizona general partnership; BUTLER, an Arizona general partnership; BASELINE CORNER, an Arizona general partnership; PILOT SERVICE CORP., an Arizona corporation.

   Superior Court of Arizona, Maricopa County.
   Case No. CV 89-16644.
   Date Instituted: June 16, 1989.

3. GENESIS INVESTMENT GROUP, INC., an Arizona corporation v. REAL ESTATE SCIENCE CORPORATION, an Arizona corporation, DAVID PETERSON and JANE DOE PETERSON, husband and wife; THEODORE E. NEEDHAM, JR. and JANE DOE NEEDHAM, husband and wife; MICHAEL W. HUSCROFT and JANE DOE HUSCROFT, husband and wife; JOHN DOES X-X.

   Superior Court of Arizona, Maricopa County.
   Case No. CV 89-18330.
   Date Instituted: July 5, 1989.

4. GENESIS INVESTMENT GROUP, INC., an Arizona corporation, as successor in interest to Harbor Financial, Inc., an Arizona corporation, and Harbor Financial Group, Inc., an Arizona corporation, v. LAWRENCE L. HENREN and

JANE DOE HERREN, husband and wife; GEORGE M. ETHRIDGE III and JANE DOE ETHRIDGE; LYNWOOD S. BELL and JANE DOE BELL; FAWNRIDGE, INC., a Delaware corporation.

Superior Court of Arizona, Maricopa County.
Case No. CV 89-20557
Date Instituted: July 25, 1989

5. IN RE HARBOR INTERSTATE-10 LIMITED PARTNERSHIP, an Arizona limited partnership, Debtor

United States Bankruptcy Court, District of Arizona
Chapter 11 Proceeding No. 89-6033-PHX-RGM
Date Instituted: July 5, 1989

6. IN RE LAWRENCE L. HERREN and LYNN A. HERREN, Debtors

United States Bankruptcy Court, District of Arizona
Chapter 11 Proceeding No. 89-02586-TUC-LO
Date Instituted: 9/15/89

7. GENESIS INVESTMENT GROUP, INC., an Arizona corporation, as Successor in Interest to Harbor Financial Group, Inc., an Arizona corporation, and Harbor Financial, Inc., an Arizona corporation v. JOHN PAUL PAYE and JANE DOE PAYE, husband and wife.

Superior Court of Arizona, Maricopa County.
Case No. CV-90-03002.
Date Instituted: January 31, 1990.

8. PHOENIX ASSEMBLAGE (PAL I), an Arizona general partnership; and PAL II, an ARIZONA general partnership, v. MOUNTAIN PARK VENTURE, an Arizona partnership; PARK VENTURE, an Arizona partnership; CAPITAL RESERVE FUND LIMITED PARTNERSHIP, an Arizona limited partnership; TIMOTHY KIRK EVANS as Personal Representative of the Estate of Larry Lloyd Royse; TEMPE ASSOCIATES, a California limited partnership doing business as Tempe Development Limited Partnership; JOHN PAUL PAYE, a married man dealing with his sole and separate property; T.D. SERVICE COMPANY OF ARIZONA, a California corporation; CITY OF PHOENIX, a municipal corporation; JOHN DOES 1 through 20; JOHN DOE CORPORATIONS 1 through 20; JOHN DOE PARTNERSHIPS 1 through 20.

Superior Court of Arizona, Maricopa County.
Case No. CV 91-02073.
Date Instituted: January 24, 1991.

9. PHOENIX ASSEMBLAGE, an Arizona general partnership; and PAL II, an Arizona general partnership, v. BASELINE AND 51ST AVENUE, an Arizona general partnership; YEN, an Arizona general partnership; PILOT SERVICE CORP., an Arizona corporation; THE ARIZONA BANK, aka Security Pacific Bank Arizona, an Arizona banking corporation; TIMOTHY KIRK EVANS, as Personal Representative of the Estate of Larry Lloyd Royse; STEVE WELLS and CAROL A. WELLS; BYRON G.

WILLIAMS and LEORA K. WILLIAMS; AGRIZONA III, a general partnership; ANDERSON CLAYTON FINANCIAL SERVICES CORP., a corporation; JOHN and JANE DOES 1 THROUGH XX, individually and on behalf of their marital estate; BLACK PARTNERSHIPS I THROUGH X; WHITE CORPORATIONS I THROUGH X; RED TRUSTS 1 THROUGH X.

Superior Court of Arizona, Maricopa County.
Case No. CV 90-00754.
Date Instituted: January 19, 1990.

10. GEORGE ETHRIDGE v. MARK V. KENNEDY; GALLAGHER & KENNEDY, P.A.; and GENESIS INVESTMENT GROUP, INC.

District Court, Virgin Islands.
Case No. CV91-34.
Date Instituted: February 1, 1991.

11. GENESIS INVESTMENT GROUP, INC., an Arizona corporation, v. GREENBERG, CAMPBELL, CHIN, a partnership; BRUCE D. GREENBERG and JANE DOE GREENBERG, husband and wife; JOHN R. CAMPBELL and JANE DOE CAMPBELL, husband and wife; FREDERICK E. CHIN and JANE DOE CHIN, husband and wife; JOHN DOES 1-X AND JANE DOES 1-X.

Superior Court of Arizona, Maricopa County.
Case No. CV 89-29366.
Date Instituted: October 17, 1989.

Item 3. Defaults Upon Senior Securities

No defaults occurred during the quarter with respect to indebtedness of Genesis or its significant subsidiaries that exceed 5% of the total assets of Genesis:

Item 4. Submission Of Matters To A Vote of Security Holders

On June 24, 1991 a Shareholders' Meeting was held in Phoenix, Arizona.

At that meeting the following Board of Directors was elected:

Patrick J. McGroder III
Timothy R. Busch
Lawrence Bushkin
Linda Roessler

Effective February 28, 1992 Linda Roessler resigned as a board member and has not been replaced.

Effective July 1, 1992, the officers of the company were :

President/CEO/Treasurer	David B. Graham
Secretary	Patrick J. McGroder III

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

Genesis Investment Group, Inc. hereby incorporates the following Exhibits pursuant to Regulation §201.24 by reference to the filing set forth below:

2.1 Arizona States Bankruptcy Court for the District of Arizona
In Re Harbor Financial, Inc.
Case No. B-87-8388-PHX-SSC
In Re Harbor Southwest Development, Inc.
Case No. B-87-8389-PHX-SSC
Order Confirming Plan of Reorganization

Filed with the Securities and Exchange Commissions on June 28, 1989 as Exhibit 2.1 of the Form 10 Registration of Securities of the Common Stock of Genesis Investment Group, Inc., Commission File Number 0-17849.

2.2 Amended Disclosure Statement of Harbor Financial, Inc. and Harbor Southwest Development, Inc., dated May 16, 1988, Revised July 15, 1988.

Filed with the Securities and Exchange Commission on June 28, 1989 as Exhibit 2.2 of the Form 10 Registration of Securities of the Common Stock of Genesis Investment Group, Inc., Commission File Number 0-17849.

(b) Reports on Form 8-K

None filed during period.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Genesis Investment Group, Inc.
(Registrant)

Date July 13, 1992

David A. Graham
President
(Duly Authorized Officer and
Principal Accounting Officer)